CEO

CITIZENS FOR ECONOMIC OPPORTUNITY
Corporate Responsibility Campaign

February 20, 2007

To: Sen. Prague, Rep. Ryan and Members of the Labor and Public Employee's Committee

From: Beverley Brakeman

Re: SB 601 AA Mandating Employers to Provide Paid Sick Leave to Employees
HB 6333 AA Expanding the State Employee Health Insurance Plan
HB 6678 AA Increasing the Availability of Health Care for Connecticut Workers

My name is Beverley Brakeman and I am the Director of Citizens for Economic Opportunity a coalition of labor and community groups working on corporate responsibility and health care.

SB 601 – Support

Currently in Connecticut, it is estimated that over 660,000 working people, about 40% of the population do not get a single paid sick day. The bill before you would give every full time worker in the state at least 6.5 paid sick days per year to take care of their health. As we all know it is in t he best interest of both employers and employees to have healthy employees – this bill could give many employees the ability to take care of their health when they are sick rather than lose a day's pay.

HB 6333 – Support

C.E.O. supports universal health care and believes that health care should not only be universal but affordable and accessible to everyone, portable across employment, sustainable to society and health enhancing. This bill does not yet contain a lot of detail but we assume that its basic concept will be that individuals not already enrolled in employer sponsored health insurance plans will be enrolled in coverage through a large purchasing pool like the state plan that is administered by the Comptroller. We assume that this bill attempts to build upon rather than replace the current system of employer sponsored health insurance.

While CEO is a staunch supporter of a single payer system of health care, a pooling approach such as this, based on research by the Universal Health Care Foundation can also achieve universal health care. However such an approach would be far more complicated and potentially administratively burdensome.

HB 6678 – Support

This bill requires that health insurers and others that deliver or issue for delivery group health insurance have at least an 87.5% medical loss ratio (MLR). The MLR is quite simply the percentage of our health care dollar that is going to pay for medical and health care services versus administration and profit. The higher the MLR the more a company is spending on medical and health care services versus administration and profit, therefore it is suggested that knowing and understanding the MLR can inform consumers about how their health care dollar is being spent.

In CT, the average MLR is 70.41%. In New Jersey, individual and small group insurers are required to spend at least 75% of premium dollars on medical care. If their medical expense is less than 75% they issue refunds to plan enrollees.

This bill is important because consumers have a right to know what constitutes their health care premium dollars, something that is measured by the MLR. While individuals and employers struggle to pay rising health insurance premium costs health insurance companies continue to repot record profits. The medical loss ratio can shed some light on an insurance company's use of your premium dollar.

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Currently, insurance companies in CT are required to report a lot of financial data annually to the insurance department, and in fact to the consumer, however the information is not easily understandable to the average consumer and there is no standard or accountability for health insurance company MLR's so the number in and of itself as currently reported is meaningless to most consumers.

We would recommend, in addition to setting this standard of at least an 87.5% MLR for health insurance companies, that the current reporting of such information be made much more consumer friendly, include definitions so that the consumers understand the MLR and its significance. Additionally, we would recommend that when managed care companies report MLR to consumers they include the percentage of total premium revenue spent solely on medical care compared to administrative costs, including administrative expenses associated with subcontracting services – which is a far more accurate way to measure MLR.

Having a standard for medical loss ratio and better reporting and transparency of MLR allow consumers to better measure how their hard earned premium dollars are spent – on medical care or administration and profit.. Connecticut consumers deserve such health care accountability.

Thank you.

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